

Shurgard Real Estate ApS
Sundkrogsgade 21
2100 Copenhagen Ø
Central Business Registration No
26689007

Annual report 2017

The Annual General Meeting adopted the annual report on 20.04.2018

Chairman of the General Meeting

Name: Marc Oursin

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Entity details

Entity

Shurgard Real Estate ApS
Sundkrogsgade 21
2100 Copenhagen Ø

Central Business Registration No: 26689007

Registered in: Copenhagen

Financial year: 01.01.2017 - 31.12.2017

Website: www.shurgard.dk

E-mail: info@shurgard.dk

Executive Board

Marc Oursin

Entity auditors

Ernst & Young Godkendt Revisionspartnerselskab

Osvald Helmuths Vej 4

Postboks 250

2000 Frederiksberg

Statement by Management on the annual report

The Executive Board have today considered and approved the annual report of Shurgard Real Estate ApS for the financial year 01.01.2017 - 31.12.2017.

The annual report is presented in accordance with the Danish Financial Statements Act.

In my opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2017 and of the results of its operations for the financial year 01.01.2017 - 31.12.2017.

I believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

I recommend the annual report for adoption at the Annual General Meeting.

Copenhagen, 20.04.2018

Executive Board

Marc Oursin

Independent auditor's report

To the shareholders of Shurgard Real Estate ApS

Opinion

We have audited the financial statements of Shurgard Real Estate ApS for the financial year 01.01.2017 - 31.12.2017, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with the Danish Financial statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2017 and of the results of its operations and cash flows for the financial year 01.01.2017 - 31.12.2017 in accordance with the Danish Financial statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the Auditor's responsibilities for the audit of the financial statements section of this auditor's report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Entity in accordance with the International Ethics Standards Board of Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Management's responsibilities for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Entity's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

Independent auditor's report

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Statement on the management commentary

Management is responsible for the management commentary.

Our opinion on the financial statements does not cover the management commentary, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial statements Act.

Independent auditor's report

Based on the work we have performed, we conclude that the management commentary is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial statements Act. We did not identify any material misstatement of the management commentary.

Copenhagen, 20.04.2018

Ernst & Young

Godkendt Revisionspartnerselskab

Central Business Registration No: 30700228

Kaare Kristensen Lendorf

State Authorised Public Accountant

Identification number (MNR) 33819

Management commentary

Primary activities

The Company's activities comprise construction, projecting, acquisition and lease of real property as well as related products and businesses.

Development in activities and finances

The annual report shows a net loss of DKK 11.817 thousand. Management considers the loss expected and satisfactory, taking into consideration the high initial costs in Real Estate business.

Accordingly, the equity amounts to DKK 191.061 thousand.

Events after the balance sheet date

No events have occurred after the balance sheet date to this date which would influence the evaluation of this annual report.

Income statement for 2017

	<u>Notes</u>	<u>2017 DKK</u>	<u>2016 DKK</u>
Revenue		16.353.389	16.229.691
Other external expenses		<u>(7.070.146)</u>	<u>(4.753.775)</u>
Gross profit/loss		9.283.243	11.475.916
Depreciation, amortisation and impairment losses	1	<u>(14.684.553)</u>	<u>(14.612.788)</u>
Operating profit/loss		(5.401.310)	(3.136.872)
Other financial income	2	6.942	140
Other financial expenses	3	<u>(9.755.512)</u>	<u>(10.238.928)</u>
Profit/loss before tax		(15.149.880)	(13.375.660)
Tax on profit/loss for the year	4	<u>3.332.524</u>	<u>2.169.512</u>
Profit/loss for the year		<u>(11.817.356)</u>	<u>(11.206.148)</u>
Proposed distribution of profit/loss			
Retained earnings		<u>(11.817.356)</u>	<u>(11.206.148)</u>
		<u>(11.817.356)</u>	<u>(11.206.148)</u>

Balance sheet at 31.12.2017

	<u>Notes</u>	<u>2017 DKK</u>	<u>2016 DKK</u>
Land and buildings		352.268.950	365.856.192
Other fixtures and fittings, tools and equipment		195.379	237.853
Property, plant and equipment in progress		159.191	0
Property, plant and equipment	5	<u>352.623.520</u>	<u>366.094.045</u>
Fixed assets		<u>352.623.520</u>	<u>366.094.045</u>
Other receivables		84.311	189.315
Prepayments		2.330.893	2.561.128
Receivables		<u>2.415.204</u>	<u>2.750.443</u>
Current assets		<u>2.415.204</u>	<u>2.750.443</u>
Assets		<u>355.038.724</u>	<u>368.844.488</u>

Balance sheet at 31.12.2017

	<u>Notes</u>	<u>2017 DKK</u>	<u>2016 DKK</u>
Contributed capital	6	1.615.400	1.615.400
Retained earnings		189.446.021	201.263.377
Equity		<u>191.061.421</u>	<u>202.878.777</u>
Deferred tax		1.569.000	896.000
Provisions		<u>1.569.000</u>	<u>896.000</u>
Trade payables		4.630.295	3.094.385
Payables to group enterprises		156.320.466	160.509.409
Other payables		1.457.542	1.465.917
Current liabilities other than provisions		<u>162.408.303</u>	<u>165.069.711</u>
Liabilities other than provisions		<u>162.408.303</u>	<u>165.069.711</u>
Equity and liabilities		<u>355.038.724</u>	<u>368.844.488</u>
Contingent liabilities	7		
Mortgages and securities	8		
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Statement of changes in equity for 2017

	Contributed capital DKK	Retained earnings DKK	Total DKK
	<u> </u>	<u> </u>	<u> </u>
Equity beginning of year	1.615.400	201.263.377	202.878.777
Profit/loss for the year	0	(11.817.356)	(11.817.356)
Equity end of year	<u>1.615.400</u>	<u>189.446.021</u>	<u>191.061.421</u>

Notes

	2017	2016
	DKK	DKK
1. Depreciation, amortisation and impairment losses		
Depreciation of property, plant and equipment	14.684.553	14.638.750
Profit/loss from sale of intangible assets and property, plant and equipment	0	(25.962)
	14.684.553	14.612.788
2. Other financial income		
Interest income	6.942	140
	6.942	140
3. Other financial expenses		
Financial expenses from group enterprises	9.755.512	10.221.112
Interest expenses	0	17.816
	9.755.512	10.238.928
4. Tax on profit/loss for the year		
Tax on current year taxable income	(4.005.524)	(3.741.000)
Change in deferred tax for the year	673.000	1.571.488
	(3.332.524)	(2.169.512)

Notes

	Land and buildings DKK	Other fixtures and fittings, tools and equipment DKK	Property, plant and equipment in progress DKK
5. Property, plant and equipment			
Cost beginning of year	530.437.859	2.044.990	0
Additions	<u>965.146</u>	<u>89.690</u>	<u>159.191</u>
Cost end of year	<u>531.403.005</u>	<u>2.134.680</u>	<u>159.191</u>
Depreciation and impairment losses beginning of the year	(164.581.667)	(1.807.137)	0
Depreciation for the year	<u>(14.552.388)</u>	<u>(132.164)</u>	<u>0</u>
Depreciation and impairment losses end of the year	<u>(179.134.055)</u>	<u>(1.939.301)</u>	<u>0</u>
Carrying amount end of year	<u>352.268.950</u>	<u>195.379</u>	<u>159.191</u>
	Number	Par value DKK	Nominal value DKK
6. Contributed capital			
Shares	<u>16.154</u>	100	<u>1.615.400</u>
	<u>16.154</u>		<u>1.615.400</u>

7. Contingent liabilities

The Company participates in a Danish joint taxation arrangement in which Shurgard Denmark ApS serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Company is therefore liable from the financial year 2013 for income taxes etc for the jointly taxed companies and from 1 July 2012 also for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for the jointly taxed companies.

8. Mortgages and securities

No assets are pledged.

9. Group relations

Name and registered office of the Parent preparing consolidated financial statements for the smallest group:
Shurgard Self Storage Europe S.a.r.l, 6C, rue Gabriel Lippmann L-5365 Munsbach, Luxembourg

Accounting policies

Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class B.

The accounting policies applied for these financial statements are consistent with those applied last year.

The financial statement are presented in Danish kroner.

Recognition and measurement

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the one in effect at the payment date, or the rate at the balance sheet date are recognised in the income statement as financial income or financial expenses.

Income statement

Revenue

Revenue from the sale of services is recognised in the income statement when delivery is made to the buyer. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

Accounting policies

Other external expenses

Other external expenses include expenses relating to the Entity's ordinary activities, including expenses for premises, stationery and office supplies, marketing costs, etc. This item also includes write-downs of receivables recognised in current assets.

Depreciation, amortisation and impairment losses

Amortisation, depreciation and impairment losses relating to property, plant and equipment comprise depreciation and impairment losses for the financial year, calculated on the basis of the residual values and useful lives of the individual assets and impairment testing as well as gains and losses from the sale of property, plant and equipment.

Other financial income

Other financial income comprises dividends etc received on other investments, interest income, including interest income on receivables from group enterprises, payables and transactions in foreign currencies, as well as tax relief under the Danish Tax Prepayment Scheme etc.

Other financial expenses

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, payables and transactions in foreign currencies, as well as tax surcharge under the Danish Tax Prepayment Scheme etc.

Tax on profit/loss for the year

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

The Entity is jointly taxed with its Parent. The current Danish income tax is allocated among the jointly taxed entities proportionally to their taxable income (full allocation with a refund concerning tax losses).

Balance sheet

Property, plant and equipment

Land and buildings, plant and machinery as well as other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated.

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation. For self-manufactured assets, cost comprises direct and indirect costs of materials, components, subsuppliers and labour costs.

Interest expenses on loans for the financing of the manufacture of property, plant and equipment are included in cost if they relate to the manufacturing period. All other finance costs are recognised in the income statement.

Accounting policies

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

Buildings	30 years
Other fixtures and fittings, tools and equipment	3-5 years

Property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

Receivables

Receivables are measured at amortised cost, usually equalling nominal value less write-downs for bad and doubtful debts.

Prepayments

Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

Deferred tax

Deferred tax is recognised on all temporary differences between the carrying amount and tax-based value of assets and liabilities, for which the tax-based value of assets is calculated based on the planned use of each asset.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

Operating leases

Lease payments on operating leases are recognised on a straight-line basis in the income statement over the term of the lease.

Other financial liabilities

Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.